

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 3, 2018/2019

**PBF0014 – INTRODUCTION TO PERSONAL FINANCE**  
(Foundation in Business)

31 MAY 2019  
9.00 a.m – 11.00 a.m  
(2 Hours)

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### INSTRUCTIONS TO STUDENT

1. This question paper consists of **FOUR** pages with **FIVE** questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet.

**ESSAYS [100 MARKS]**

**Instructions:** Answer **ALL** questions. Write your answers in the Answer Booklet.

**QUESTION 1**

- a) State the **TWO (2)** purposes of using financial ratios. Give **FIVE (5)** examples of financial ratios.

(10 marks)

- b) Hassan has RM25,000 in a bank savings account, RM10,000 in checking account, RM50,000 in fixed deposit, a car that he bought for RM43,000 with a current market value of RM35,000, and a house that he purchased for RM350,000 that has a current market value of RM450,000. The current balance of his house mortgage is RM219,000, and his car loan is RM39,000. He has two credit cards with an outstanding balance of RM12,000, and a personal loan with a balance of RM19,000. What is Hassan's current net worth?

(10 marks)

**(Total 20 marks)**

**QUESTION 2**

- a) What is a "Second Mortgage Loan"? Provide **TWO (2)** advantages and **TWO (2)** disadvantages of the second mortgage loan.

(6 marks)

- b) List **EIGHT (8)** advantages associated with credit card use.

(8 marks)

- c) Explain the terms "identity theft". How do we identify if we were a victim of identity theft?

(6 marks)

**(Total 20 marks)**

**Continued...**

**QUESTION 3**

- a) Provide **THREE (3)** disadvantages of buying a new car.  
(3 marks)
- b) Leasing a car is similar to renting. Describe the **TWO (2)** basic types of vehicle leases.  
(8 marks)
- c) The costs of home ownership can be divided into (i) one-time or initial costs, (ii) recurring costs, and (iii) maintenance and operating costs. Give **TWO (2)** examples of each.  
(6 marks)
- d) List **THREE (3)** advantages of renting a home.  
(3 marks)

**(Total 20 marks)****QUESTION 4****Part A**

List and explain **FIVE (5)** provisions of long-term care insurance.

**(10 marks)****Part B**

- a) You have been given an overview of stocks and bonds. Explain each of these. Give **ONE(1)** advantage and **ONE (1)** disadvantage of investing in each of these.  
(6 marks)
- b) What is the normal retirement age? Describe asset allocation related to the early retirement year.  
(4 marks)

**(Total 20 marks)****Continued...**

**QUESTION 5**

- a) Explain **FIVE (5)** reasons why having a will is important. (5 marks)
- b) Choose any **ONE (1)** of the following Life Events. List down the steps taken or strategies for the event chosen.
- i) Marriage
  - ii) Divorce
  - iii) Having a child
- (5 marks)

Continued...

KUALA LUMPUR: Some 64,632 Malaysians aged between 18 to 44 years old have been declared bankrupt over the last five years, the Parliament was told.

Minister in the Prime Minister's Department Liew Vui Keong said in a written reply that the highest cases of bankruptcy among the youth were recorded in 2014 with a total of 13,098 cases, followed by 13,036 cases in 2013, based on the statistics from the Insolvency Department.

"In 2015, a total of 11,277 were declared bankrupt, increasing slightly to 11,875 in 2016.

"However, we can see a decline from a total of 11,106 people declared bankrupt recorded in 2017 to 4,240 cases until April this year," he told Mohd Shahar Abdullah (BN-Abdullah), who asked the government to reveal the latest bankruptcy statistics among Malaysians.

Liew said that the government was concerned over the situation, which could be attributed to weak financial planning and insufficient knowledge to manage financial matters.

"The government, via the Insolvency Department, is committed to carrying out awareness programmes regarding bankruptcy to the people and via its outreach programmes with other government ministries, agencies and bodies," he said.

The government, he added, through the Credit Counselling and Debt Management Agency (AKPK), which is under the Bank Negara Malaysia, will also carry out its own initiatives involving financial literacy in a bid to reduce the number of cases each year.

*(Source: Star online, Wednesday, 15 August 2018)*

*<https://www.thestar.com.my/news/nation/2018/08/15/almost-65k-malaysian-youth-declared-bankrupt-since-2013/#0iLiG1frWShd5F7E.99>*

c) Read the text above and answer the following questions.

i) What is bankruptcy?

(2 marks)

ii) In your opinion, what are the causes Malaysians aged between 18-44 go bankrupt? (Provide **THREE (3)** reasons)

(6 marks)

iii) Suggest any **ONE (1)** awareness programme regarding bankruptcy that can be carried out by your university.

(2 marks)

(Total 20 marks)

End of paper